



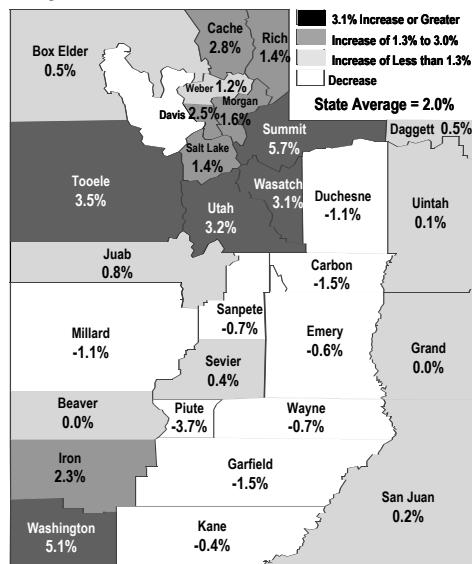
State of Utah
Governor Olene S. Walker

Demographics

- ▶ **Population:** The state's official July 1, 2003 population was estimated to be 2.39 million, increasing 2.0% from 2002. Although the state continues to experience net in-migration, natural increase accounts for the majority of Utah's population growth.
- ▶ **Rate of Growth:** According to the U.S. Census Bureau, Utah ranked eighth among states with a population growth rate of 1.4% from 2002 to 2003. The U.S. rate of growth was 1.0%.
- ▶ **Median Age:** According to Census 2000, Utah continues to be the youngest state in the nation, with a median age of 27.1, compared to 35.3 nationally.
- ▶ **Long-Term Projections:** The state's population is projected to be 2.79 million in 2010, to surpass 3.37 million by 2020, and to reach 3.77 million by 2030.

2003 Utah Population Estimate	2,385,358
2002-2003 Percent Change	2.0%
2003 Net Migration	9,877
2003 Natural Increase	36,720
2003 Fiscal Year Births	49,518
2003 Fiscal Year Deaths	12,798

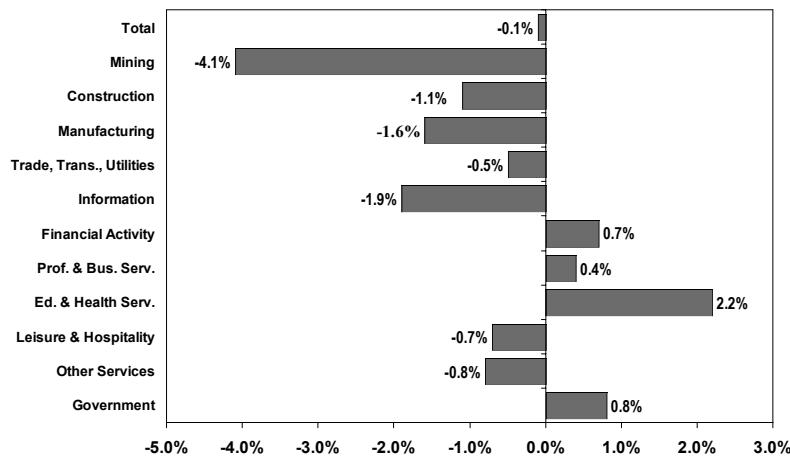
Population Growth Rates: 2002-2003



Employment and Wages

- ▶ **Job Growth** – Job growth rebounded slightly from -0.7% in 2002 to -0.1% in 2003.
- ▶ **Industry Focus** – Education and health services led the state in job growth from 2000 to 2003. Financial activity, professional and business services, and government (except state government) experienced positive job growth, while many industries experienced a decline in job growth.
- ▶ **Unemployment** – Utah's 2003 unemployment rate registered at 5.8%. On average, there were 68,900 Utahns unemployed in 2003.
- ▶ **Average Wage** – In 2003, Utah's average annual nonagricultural wage was \$30,537 (an increase of 1.4%). This is slightly below the previous year's 1.6% increase. Both years represent not only small gains, but also the smallest yearly increases since a 2.4% increase in 1993.

Percent Change in Utah Employment by Industry: 2002-2003 Annual Averages



Total Nonagricultural Employment (2003p)	\$1,072,800
Decrease (2002-2003)	-946
Percent Change (2002-2003)	-0.1%
Unemployment Rate (2003)	5.8%
Total Nonagricultural Wages (2003p)	\$32.8 billion
Percent Change (2002-2003)	1.3%
Average Annual Wage (2003p)	\$30,537
Percent Change (2002-2003)	1.4%
Total Personal Income (2003p)	\$57.1 billion
Percent Change (2002-2003)	2.0%
Per Capita Personal Income (2003p)	\$24,330
Percent Change (2002-2003)	0.7%

Note: p=preliminary

Source: Department of Workforce Services

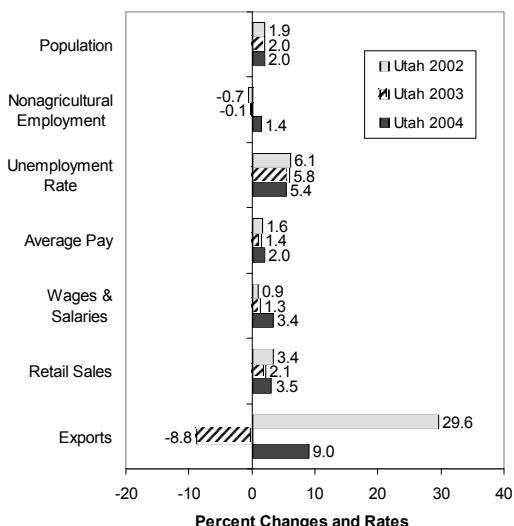
Industry Focus

- ▶ **Construction** - The value of permit-authorized construction set an all-time record in 2003 of \$4.5 billion. Residential construction had a phenomenal year with \$3 billion in new construction. Condominium construction had the best year since the late 1970s, as it captured over 10% of the residential market.
- ▶ **Tourism** - The lingering effects of 9/11, the war with Iraq, SARS, and difficult economic conditions presented a challenging set of circumstances for the travel industry in 2003. The increase in destination skiers, gains in the restaurant sector, and increases from regional and discount airlines helped the amount of spending and employment related to travel and tourism to improve slightly. A successful 2002 Olympic Winter Games played a significant role in attracting more destination skiers to the state in 2003.
- ▶ **Exports** - Utah's exports fell 8.8% during 2003, from \$4.5 billion to \$4.1 billion. Air shipments of gold to Switzerland and the United Kingdom accounted for almost 40% of the total during 2003. Signaling the beginning of a new trend in the global economy, Utah's exports to China exceeded \$100 million for the first time ever, ranking China the sixth-largest market for Utah exports. As the world economic recovery strengthens during 2004, Utah's exports should begin to grow.
- ▶ **High Technology** - Utah's high technology sector continued to lose jobs during 2003, following a decline that began in 2001. Companies that engage in computer system design and computer and peripheral equipment manufacturers have been hardest hit. Other industries that posted job losses of more than 100 workers include semiconductor and electronic component manufacturers and aerospace products manufacturers. Only three industries (medical equipment and supply, engineering services, and scientific research) reported job growth of more than 100 workers.
- ▶ **Energy and Minerals** - Economic recession, combined with mild winter weather and increasing prices have slowed the rise in Utah's demand for energy. Motor fuel prices have declined from record peaks early in 2003, but remain higher than 2002. Utah's coal industry supplies most of Utah's electricity needs, with natural gas adding new base load and peaking capacity. Residential and industrial natural gas prices have risen substantially since 1980. Utah's energy industry is meeting rising consumer demand with fewer employees as technology gradually automates production, processing and delivery.
- ▶ **Agriculture** - Like the rest of the economy, agriculture appears to be headed toward a period of relative prosperity. Growth in income will be led by increases in the prices paid for meat. This will especially be of benefit to Utah where the production of livestock and livestock products dominate. However, Utah agriculture has been adversely affected by the drought, and recovery will not occur unless precipitation patterns change.

Major Findings

- ▶ **Overview of the Economy** - Utah's economy improved only slightly in 2003 due to the lingering effects of the national recession, the technology sector slowdown, and the completion of the 2002 Olympic Winter Games. Utah's 2003 personal income growth of 2.0% was the weakest since 1954 and its two years of consecutive job growth losses were the worst in 57 years.
- ▶ **Return of the Construction Boom** - The lowest mortgage rates in 50 years produced an unprecedented residential building boom in 2003. For the first time, residential construction valuation topped \$3 billion. And permitted single-family housing units set a near record high of 16,500 units. Only 1977 came in higher at 17,400 units. Consequently, the total value of construction permits set an all-time record of \$4.5 billion in 2003.
- ▶ **Record Defense Spending** - Defense spending in Utah hit a record high of \$2.47 billion in 2002, an increase of 5% over 2001. Defense expenditures in 2003 should grow another 5% to around \$2.60 billion.
- ▶ **Outlook for 2004** - Most economic indicators will improve in Utah in 2004. Employment will grow 1.4% (up from -0.1% in the prior year), wages and salaries will grow 3.4% (up from 1.3% in 2003), taxable sales will grow 3.2% (up from 0.8% the prior year), net immigration will increase to 10,600 (up from 9,900 in 2003), the unemployment rate will fall to 5.4% (down from 5.8% in 2003), and personal income will increase to 4.0% from 2.0% the prior year. By the end of 2004, Utah should be back on a moderate growth path and continue to outperform the nation.

Utah Economic Indicators: 2002-2003



Source: Council of Economic Advisors' Revenue Assumptions Committee

Significant Utah Rankings

State Rank		Value*		Year		State Rank		Value*		Year	
<u>Demographic</u>						<u>Economic</u>					
Population Growth Rate	8th		1.4%	2002-2003		Rate of Job Growth	N/A		-0.1%		2003
Fertility Rate	1st		2.68	2003		Urban Status	9th		88.3% urban		2000
Life Expectancy	3rd		78.6 years	2000		Unemployment Rate	N/A		5.8%		2003
Median Age	1st		26.7 years	2000		Median Household Income	12th	\$48,537	2000-2002		
Household Size	1st		3.13 persons	2000		Average Annual Pay	36th	\$30,580	2002		
<u>Social Indicators</u>						Per Capita Personal Income	47th	\$24,157	2002		
Violent Crime	8th	236.9 per 100,000 people		2002							
Poverty Rate	38th		9.3%	2000-2002							
Educational Attainment	4th	91.0% of persons 25+ w/ high school degree		2002							

Notes: 1) Rankings are based on the most current data available for all states, and may differ from more recent data available for Utah only.
2) Rank is most favorable to least favorable.
3) N/A = Not Available.